

# Senate Study Bill 3119 - Introduced

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
ECONOMIC GROWTH BILL BY  
CHAIRPERSON SODDERS)

## A BILL FOR

1 An Act providing for the expansion of the availability of  
2 broadband access across the state, and including income  
3 tax credits and property tax exemptions for broadband  
4 infrastructure installations and making an appropriation.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

LEGISLATIVE INTENT

Section 1. SHORT TITLE. This Act shall be known and may be cited as the "Statewide Broadband Expansion Act".

Sec. 2. LEGISLATIVE INTENT. The general assembly finds that the availability of broadband access, and the infrastructure necessary to facilitate that access, varies to a significant extent from one area of the state to another, and that increasing access to broadband throughout the state is vital so that every citizen, business entity or organization, and community in this state can be afforded the opportunity to fully integrate with and utilize modern technology for educational, economic development and job training, health care, and other purposes.

DIVISION II

STATEWIDE BROADBAND COORDINATION

Sec. 3. Section 8B.1, Code 2014, is amended by adding the following new subsections:

NEW SUBSECTION. 01. "*Broadband*" means a high-speed, high-capacity electronic transmission medium that can carry data signals from multiple independent network sources by establishing different bandwidth channels.

NEW SUBSECTION. 001. "*Broadband infrastructure*" means the physical infrastructure used for the transmission of data via broadband and which is integral to the provision of broadband service, to be specified by the office by rule.

NEW SUBSECTION. 0001. "*Communications service provider*" means a service provider that provides broadband service.

Sec. 4. Section 8B.1, subsection 1, Code 2014, is amended to read as follows:

1. "*Information technology*" means computing and electronics applications used to process and distribute information in digital and other forms and includes information technology devices, information technology services, infrastructure services, broadband and broadband infrastructure, and

1 value-added services.

2 Sec. 5. Section 8B.1, Code 2014, is amended by adding the  
3 following new subsection:

4 NEW SUBSECTION. 8A. *"Unserved or underserved communications*  
5 *service area"* means a designated area of the state within which  
6 communications service providers do not offer or facilitate  
7 broadband service at adequate or sufficient download and upload  
8 speeds, as determined by the office by rule.

9 Sec. 6. Section 8B.3, subsection 1, Code 2014, is amended  
10 to read as follows:

11 1. The office is created for the purpose of leading,  
12 directing, managing, coordinating, and providing accountability  
13 for the information technology resources of state government  
14 and for coordinating statewide broadband availability and  
15 access.

16 Sec. 7. Section 8B.4, Code 2014, is amended by adding the  
17 following new subsection:

18 NEW SUBSECTION. 14A. Streamline, consolidate, and  
19 coordinate the access to and availability of broadband and  
20 broadband infrastructure throughout the state, including but  
21 not limited to the facilitation of public-private partnerships,  
22 ensuring that all state agencies' broadband and broadband  
23 infrastructure policies and procedures are aligned, promoting  
24 accountability regarding broadband and broadband infrastructure  
25 availability and access, integrating broadband with cyber  
26 security standards and rules, resolving issues which arise  
27 with regard to implementation efforts, and coordinating  
28 the statewide broadband coordinating council and broadband  
29 information clearinghouse established in sections 8B.25 and  
30 8B.26.

31 Sec. 8. Section 8B.9, Code 2014, is amended by adding the  
32 following new subsection:

33 NEW SUBSECTION. 5. An annual report regarding the status of  
34 broadband expansion and coordination.

35 Sec. 9. NEW SECTION. 8B.25 **Statewide broadband coordinating**

1 **council — duties.**

2 1. A statewide broadband coordinating council is  
3 established to assist the chief information officer in  
4 coordinating statewide broadband availability and access. The  
5 council shall consist of the following members:

6 a. The chief information officer.

7 b. A representative from a school district that is  
8 participating in a one-to-one mobile computing device program.

9 c. A representative of a municipality.

10 d. A representative of a county.

11 e. A member of the statewide interoperability board other  
12 than the chief information officer.

13 f. A cable communications service provider.

14 g. A communications service provider other than a cable  
15 communications service provider.

16 h. A representative from a nonprofit organization engaged in  
17 economic development at the local level.

18 i. A member of the Iowa association of business and  
19 industry.

20 j. A member of the technology association of Iowa.

21 k. A member representing the Iowa communications network.

22 l. The director of the department of homeland security and  
23 emergency management.

24 m. A representative from a public utility.

25 2. The chief information officer shall serve as chairperson  
26 of the council. Members other than the chief information  
27 officer and the directors of the economic development  
28 authority and the department of homeland security and emergency  
29 management shall be appointed by the chief information officer.  
30 Staff assistance shall be provided by the office. Members  
31 of the council shall be reimbursed for actual and necessary  
32 expenses incurred while engaged in their official duties and  
33 shall receive per diem compensation at the level authorized  
34 under section 7E.6, subsection 1, paragraph "a". The membership  
35 of the council shall comply with sections 69.16 and 69.16A.

1     3. The council shall serve in an advisory capacity to the  
2 chief information officer in fulfilling the responsibilities  
3 described in section 8B.4, subsection 14A.

4     Sec. 10. NEW SECTION.   **8B.26 Broadband information**  
5 **clearinghouse.**

6     A broadband information clearinghouse is established  
7 to assemble, analyze, and make available best practices  
8 information relating to current broadband and broadband  
9 infrastructure-related strategies, tactics, and initiatives  
10 that have a proven demonstrable and measurable, or potentially  
11 promising, impact on broadband access, adoption, and use.  
12 The clearinghouse shall be developed and maintained by the  
13 chief information officer, in coordination with the statewide  
14 broadband coordinating council, with functions which shall  
15 include but not be limited to the following:

16     1. Integrating information regarding initiatives undertaken  
17 at the federal level into the clearinghouse, including but not  
18 limited to the establishment of the public safety broadband  
19 network, cataloguing the status and impact of broadband-related  
20 projects funded by the federal American Recovery and  
21 Reinvestment Act, and the impact of universal service fund  
22 changes implemented by the federal communications commission.

23     2. Coordinating with and incorporating existing state  
24 resources and services relating to broadband and broadband  
25 infrastructure and utilizing the assistance of broadband  
26 stakeholders in the state including but not limited to the  
27 science, technology, engineering, and mathematics advisory  
28 council broadband committee, the Iowa communications network,  
29 and the connect Iowa program.

30     3. Identifying options regarding the creation of standing  
31 resources for stakeholders such as a fiberoptic database or a  
32 fiberoptic network conduit installation coordination effort for  
33 state-funded construction projects.

34     4. Developing a public internet site containing  
35 clearinghouse resources and information and information on

1 rates established by the Iowa telecommunications and technology  
2 commission for wholesale access to the Iowa communications  
3 network and proposed adjustments to those rates, and promoting  
4 the existence of the clearinghouse and availability of the  
5 internet site.

6 Sec. 11. Section 8D.3, subsection 2, paragraph a, Code 2014,  
7 is amended to read as follows:

8 a. The commission is composed of the chief information  
9 officer appointed pursuant to section 8B.2 or the chief  
10 information officer's designee and five other members who shall  
11 be appointed by the governor and subject to confirmation by the  
12 senate. ~~Members~~ Appointed members of the commission shall not  
13 serve in any manner or be employed by an authorized user of the  
14 network or by an entity seeking to do or doing business with  
15 the network.

16 (1) The governor shall appoint a member as the chairperson  
17 of the commission from the five members appointed by the  
18 governor, subject to confirmation by the senate.

19 (2) ~~Members~~ Appointed members of the commission shall serve  
20 six-year staggered terms as designated by the governor and  
21 appointments to the commission are subject to the requirements  
22 of sections 69.16, 69.16A, and 69.19. Vacancies shall be  
23 filled by the governor for the duration of the unexpired term.

24 (3) The salary of the appointed members of the commission  
25 shall be twelve thousand dollars per year, except that the  
26 salary of the chairperson shall be seventeen thousand dollars  
27 per year. ~~Members~~ Appointed members of the commission shall  
28 also be reimbursed for all actual and necessary expenses  
29 incurred in the performance of duties as members. The benefits  
30 and salary paid to the appointed members of the commission  
31 shall be adjusted annually equal to the average of the annual  
32 pay adjustments, expense reimbursements, and related benefits  
33 provided under collective bargaining agreements negotiated  
34 pursuant to chapter 20.

35 Sec. 12. Section 8D.3, subsection 2, paragraph b, Code 2014,

1 is amended to read as follows:

2 ~~b. In addition to the members appointed by the governor, the~~  
3 The auditor of state or the auditor's designee shall serve as a  
4 nonvoting, ex officio member of the commission.

5 Sec. 13. Section 8D.4, Code 2014, is amended to read as  
6 follows:

7 **8D.4 Executive director appointed.**

8 The commission, in consultation with the director of  
9 the department of administrative services ~~and the chief~~  
10 ~~information officer~~, shall appoint an executive director of  
11 the commission, subject to confirmation by the senate. Such  
12 individual shall not serve as a member of the commission.  
13 The executive director shall serve at the pleasure of the  
14 commission. The executive director shall be selected primarily  
15 for administrative ability and knowledge in the field, without  
16 regard to political affiliation. The governor shall establish  
17 the salary of the executive director within range nine as  
18 established by the general assembly. The salary and support of  
19 the executive director shall be paid from funds deposited in  
20 the Iowa communications network fund.

21 Sec. 14. Section 80.28, subsection 2, Code 2014, is amended  
22 to read as follows:

23 2. The board shall consist of ~~fifteen~~ sixteen voting  
24 members, as follows:

25 a. The following members representing state agencies:

26 (1) One member representing the department of public  
27 safety.

28 (2) One member representing the state department of  
29 transportation.

30 (3) One member representing the department of homeland  
31 security and emergency management.

32 (4) One member representing the department of corrections.

33 (5) One member representing the department of natural  
34 resources.

35 (6) One member representing the Iowa department of public

1 health.

2     (7) One member representing the office of the chief  
3 information officer.

4     **b.** The governor shall solicit and consider recommendations  
5 from professional or volunteer organizations in appointing the  
6 following members:

7     (1) Two members who are representatives from municipal  
8 police departments.

9     (2) Two members who are representatives of sheriff's  
10 offices.

11     (3) Two members who are representatives from fire  
12 departments. One of the members shall be a volunteer fire  
13 fighter and the other member shall be a paid fire fighter.

14     (4) Two members who are law communication center managers  
15 employed by state or local government agencies.

16     (5) One at-large member.

17                                   DIVISION III

18                               IOWA COMMUNICATIONS NETWORK

19                           COMMUNICATIONS SERVICE PROVIDER ACCESS

20     Sec. 15. NEW SECTION. 8D.21 **Definitions.**

21     For the purposes of this subchapter, "*broadband*", "*broadband*  
22 *infrastructure*", "*communications service provider*", and "*unserved*  
23 *or underserved communications service area*" mean the same as  
24 defined in section 8B.1.

25     Sec. 16. NEW SECTION. 8D.22 **Communications service provider**  
26 **access.**

27     1. *Wholesale access to network — authority of*  
28 *commission.* Notwithstanding any contrary provisions of this  
29 chapter related to access to the network, the commission may  
30 enter into a contract to provide access to the network on a  
31 wholesale basis to a communications service provider who is not  
32 otherwise an authorized user as provided in this section. The  
33 commission may establish by rule the manner in which a contract  
34 entered into pursuant to this section shall be undertaken.  
35 Contracts shall be coordinated with the office of the chief



1 information officer.

2     2. *Access requirements — limitations.* Access to the  
3 network pursuant to any contract entered into by the commission  
4 pursuant to this section shall be subject to retention of  
5 sufficient capacity for existing and future authorized user  
6 demands. Access shall be provided solely for wholesale  
7 transactions to communications service providers who are  
8 engaged in providing broadband capacity at retail to citizens  
9 and businesses in this state to facilitate the installation  
10 and deployment of broadband infrastructure in unserved  
11 or underserved communications service areas of the state.  
12 Requirements and limitations regarding communications service  
13 provider access pursuant to this subchapter shall be determined  
14 by the commission by rule.

15     3. *Rate determination — rate adjustments — hearings.*

16     a. Rates applicable to wholesale access by communications  
17 service providers pursuant to this section shall be determined  
18 by the commission by rule, in consultation with the chief  
19 information officer. The rates shall take into account and  
20 reflect the following considerations:

21       (1) Establishment of a wholesale rate structure with  
22 multiple pricing points determined based on the grouping  
23 of similar installation characteristics to be identified  
24 by the commission by rule, including but not limited to  
25 size and demographic characteristics of the unserved or  
26 underserved communications service area, availability of other  
27 communications service providers, the type of communications  
28 service installation proposed, and the communications service  
29 modality being utilized.

30       (2) Incorporation of any and all costs attributable to  
31 facilitating wholesale access.

32     b. Rates established pursuant to this section shall  
33 be posted on the network's internet site, and also on the  
34 broadband information clearinghouse internet site developed  
35 pursuant to section 8B.26.

1     c. Proposed rate adjustments shall be posted on the  
2 network's internet site and on the broadband information  
3 clearinghouse internet site developed pursuant to section  
4 8B.26, and shall be subject to the following public hearing,  
5 decision-making, and appeals process:

6     (1) Three public hearings on the proposed rate adjustment  
7 shall be held at different locations within the unserved  
8 or underserved communications service area impacted by the  
9 proposed adjustment. The hearings shall be conducted thirty  
10 days following the rate adjustment announcement, sixty days  
11 following the announcement, and ninety days following the  
12 announcement.

13     (2) Following the third public hearing, the commission  
14 shall convene to discuss the status of the proposed rate  
15 adjustment, and shall render and post a decision regarding the  
16 proposed adjustment within fifteen days following the date of  
17 the commission's meeting.

18     (3) Any party wishing to appeal the commission's decision  
19 may file such an appeal with the executive council within  
20 thirty days following the posting of the commission's decision.

21     (4) Rate changes shall become effective within thirty days  
22 following approval by the commission in the event an appeal is  
23 not filed, and immediately after the executive council renders  
24 a decision in favor of the adjustment in the event an appeal is  
25 filed.

26                                   DIVISION IV

27                                   FINANCIAL INCENTIVES

28     Sec. 17. NEW SECTION.   **16.66 Broadband revolving loan**  
29 **program.**

30     1. The authority shall establish and administer a broadband  
31 revolving loan program to provide low-interest loans to  
32 broadband and telecommunications businesses to expand broadband  
33 access in the state. For the purposes of this section,  
34 "broadband" means the same as defined in section 8B.1.

35     2. In awarding loans to businesses to invest in expanding

1 broadband access, the authority may consider the following:

2     *a.* The business's relationship to the community.

3     *b.* The location of the community in which the business  
4 operates and the need for broadband access in the community.

5     *c.* The overall geographic diversity of the applicants for  
6 loans, including urban and rural diversity.

7     *d.* Any other information the authority deems relevant.

8     3. The authority may accept, reject, or defer a business's  
9 application for a loan under this section.

10    4. In awarding loans, the authority shall ensure that  
11 businesses that seek to expand broadband access to communities  
12 that are unserved or underserved by broadband technology shall  
13 receive loans prior to awarding loans to businesses that seek  
14 to expand broadband access to communities that have adequate  
15 service.

16    5. A loan awarded under the program to any single business  
17 shall not exceed two hundred fifty thousand dollars.

18    6. The authority shall enter into an agreement with a  
19 business selected to receive a loan pursuant to this section  
20 for purposes of ensuring the program is administered pursuant  
21 to the requirements of this section. The agreement shall set  
22 the loan period and interest rate of the loan.

23    7. *a.* The authority may seek immediate repayment or  
24 recapture of the loan awarded pursuant to this section as  
25 provided in paragraph "b".

26    *b.* If, after receiving a loan from the authority pursuant to  
27 this section, the business fails to use the awarded moneys for  
28 the purposes described in subsection 1, all or a portion of the  
29 loan received is subject to immediate repayment or recapture.

30    *c.* All repayments, recaptures, and interest on loans  
31 awarded under the program shall be remitted to the authority  
32 to be deposited in the broadband revolving loan program fund  
33 established in section 16.67.

34    8. The authority shall have the power to bond as necessary  
35 to carry out the purposes of the broadband revolving loan

1 program. The bonds shall be issued in the same manner as, and  
2 under the same conditions and restrictions of, section 16.26.

3 Sec. 18. NEW SECTION. **16.67 Broadband revolving loan**  
4 **program fund.**

5 1. A broadband revolving loan program fund is created within  
6 the authority consisting of moneys appropriated by the general  
7 assembly and any other moneys available to and obtained or  
8 accepted by the authority for placement in the fund.

9 2. Payments of interest, repayments of moneys loaned  
10 pursuant to section 16.66, and recaptures of loans under  
11 section 16.66, shall be deposited in the fund.

12 3. The fund shall be used to provide low-interest loans  
13 under the broadband revolving loan program established in  
14 section 16.66.

15 4. Moneys in the fund are not subject to section 8.33.  
16 Notwithstanding section 12C.7, subsection 2, interest or  
17 earnings on moneys in the fund shall be credited to the fund.

18 DIVISION V

19 INCOME TAX INCENTIVES

20 Sec. 19. NEW SECTION. **422.11C Broadband infrastructure tax**  
21 **credit.**

22 1. For purposes of this section, "*broadband infrastructure*",  
23 "*communications service provider*", and "*unserved or underserved*  
24 *communications service area*" mean the same as defined in section  
25 8B.1.

26 2. The taxes imposed under this division, less the credits  
27 allowed under section 422.12, shall be reduced by a broadband  
28 infrastructure tax credit equal to three percent of the  
29 amount expended by a communications service provider for a  
30 new installation of broadband infrastructure commenced on or  
31 after July 1, 2014, not to exceed a maximum of seven hundred  
32 fifty thousand dollars per installation. A taxpayer claiming a  
33 credit under this section shall certify prior to commencement  
34 of the installation that the broadband infrastructure  
35 installation will take place within an area meeting the

1 definition of an unserved or underserved communications service  
2 area. Any credit in excess of the tax liability for the tax  
3 year shall not be refunded, but may be credited to the tax  
4 liability for the following ten tax years or until depleted,  
5 whichever is earlier.

6 3. An individual may claim the tax credit allowed a  
7 partnership, limited liability company, S corporation, estate,  
8 or trust electing to have the income taxed directly to the  
9 individual. The amount claimed by the individual shall be  
10 based upon the pro rata share of the individual's earnings of a  
11 partnership, limited liability company, S corporation, estate,  
12 or trust.

13 4. The director of revenue may adopt rules pursuant to  
14 chapter 17A for the interpretation and proper administration of  
15 the credit provided in this section.

16 Sec. 20. Section 422.33, Code 2014, is amended by adding the  
17 following new subsection:

18 NEW SUBSECTION. 31. The taxes imposed under this division  
19 shall be reduced by a broadband infrastructure tax credit  
20 allowed under section 422.11C.

21 DIVISION VI

22 PROPERTY TAX INCENTIVES

23 Sec. 21. Section 427.1, Code 2014, is amended by adding the  
24 following new subsection:

25 NEW SUBSECTION. 40. *Broadband infrastructure.* Broadband  
26 infrastructure to the extent provided in this subsection. For  
27 the purposes of this subsection, "*broadband infrastructure*" and  
28 "*unserved or underserved communications service area*" mean the  
29 same as defined in section 8B.1.

30 a. This exemption shall apply to the new installation  
31 of broadband infrastructure completed on or after July 1,  
32 2014, to and including December 31, 2018, in an unserved  
33 or underserved communications service area, and shall be  
34 available for the twenty-year period following the date the new  
35 installation was completed. A person claiming an exemption

1 under this subsection shall certify that the installation was  
2 completed within an area meeting the definition of unserved or  
3 underserved communications service area prior to installation  
4 of the broadband infrastructure.

5     **b.** If the broadband infrastructure is assessed with other  
6 property as a unit by the department of revenue pursuant to  
7 sections 428.24 to 428.29 or chapter 433, this exemption shall  
8 be limited to the value added by the broadband infrastructure  
9 determined as of the assessment date and the exemption shall  
10 be applied prior to any other exemption applicable to the unit  
11 value.

12     **c.** The director of revenue may adopt rules pursuant to  
13 chapter 17A for the interpretation and proper administration of  
14 the exemption provided in this subsection.

15                                   DIVISION VII

16                   SCHOOL INFORMATION TECHNOLOGY INFRASTRUCTURE

17     Sec. 22. Section 423F.3, subsection 6, Code 2014, is amended  
18 to read as follows:

19     6. **a.** For purposes of this chapter, "*school infrastructure*"  
20 means those activities authorized in section 423E.1, subsection  
21 3, Code 2007.

22     **b.** Additionally, "*school infrastructure*" includes the  
23 payment or retirement of outstanding bonds previously  
24 issued for school infrastructure purposes as defined in this  
25 subsection, and the payment or retirement of bonds issued under  
26 sections 423E.5 and 423F.4.

27     **c.** Additionally, "*school infrastructure*" includes the  
28 acquisition or installation of information technology  
29 infrastructure. "*Information technology infrastructure*" means  
30 the basic, underlying physical framework or system necessary  
31 to deliver technology connectivity to a school district and to  
32 network school buildings within a school district.

33     ~~**c.**~~ **d.** A school district that uses secure an advanced vision  
34 for education fund moneys for school infrastructure shall  
35 comply with the state building code in the absence of a local

1 building code.

2 DIVISION VIII

3 STEM INTERNSHIPS

4 Sec. 23. Section 15.411, subsection 3, Code 2014, is amended  
5 to read as follows:

6 3. a. The authority shall establish and administer an  
7 ~~innovative businesses~~ internship program with two components  
8 for Iowa students. For purposes of this subsection, "*Iowa*  
9 *student*" means a student of an Iowa community college, private  
10 college, or institution of higher learning under the control  
11 of the state board of regents, or a student who graduated from  
12 high school in Iowa but now attends an institution of higher  
13 learning outside the state of Iowa.

14 b. The purpose of the first component of the program is  
15 to link Iowa students to small and medium sized Iowa firms  
16 through internship opportunities. An Iowa employer may receive  
17 financial assistance in an amount of one dollar for every  
18 two dollars paid by the employer to an intern. The amount  
19 of financial assistance shall not exceed three thousand one  
20 hundred dollars for any single internship, or nine thousand  
21 three hundred dollars for any single employer. In order to be  
22 eligible to receive financial assistance under this ~~subsection~~  
23 paragraph, the employer must have five hundred or fewer  
24 employees and must be an innovative business. The authority  
25 shall encourage youth who reside in economically distressed  
26 areas, youth adjudicated to have committed a delinquent act,  
27 and youth transitioning out of foster care to participate in  
28 the first component of the internship program.

29 c. (1) The purpose of the second component of the program  
30 is to assist in placing Iowa students studying in the fields  
31 of science, technology, engineering, and mathematics into  
32 internships that lead to permanent positions with Iowa  
33 employers. The authority shall collaborate with eligible  
34 employers, including but not limited to innovative businesses,  
35 to ensure that the interns hired are studying in such fields.

1 An Iowa employer may receive financial assistance in an amount  
2 of one dollar for every dollar paid by the employer to an  
3 intern attending an Iowa community college, private college, or  
4 institution of higher learning under the control of the state  
5 board of regents, and one dollar for every two dollars paid by  
6 the employer to an intern attending an institution of higher  
7 learning outside the state. The amount of financial assistance  
8 shall not exceed five thousand dollars per internship. The  
9 authority may adopt rules to administer this component.

10 (2) The requirement to administer this component of the  
11 internship program is contingent upon the provision of funding  
12 for such purposes by the general assembly.

13 Sec. 24. SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS  
14 INTERNSHIPS — APPROPRIATION. There is appropriated from the  
15 general fund of the state to the Iowa economic development  
16 authority for the fiscal year beginning July 1, 2014, and  
17 ending June 30, 2015, the following amount, or so much thereof  
18 as is necessary, for the purposes designated:

19 For the funding of internships for students studying in the  
20 fields of science, technology, engineering, and mathematics  
21 with eligible Iowa employers as provided in section 15.411, as  
22 amended in this Act:

23 ..... \$ 2,000,000

24 No more than 3 percent of the funds appropriated pursuant to  
25 this section may be used by the authority for costs associated  
26 with administration of the program as amended in this Act.  
27 Notwithstanding section 8.33, moneys appropriated in this  
28 section which remain unencumbered or unobligated at the end of  
29 the fiscal year shall not revert but shall remain available for  
30 expenditure for the purposes designated in subsequent fiscal  
31 years.

32 EXPLANATION

33 The inclusion of this explanation does not constitute agreement with  
34 the explanation's substance by the members of the general assembly.

35 This bill provides for the expansion of the availability



1 of broadband access across the state, and includes income tax  
2 credits for broadband infrastructure installations. The bill  
3 is titled the "Statewide Broadband Expansion Act".

4     DIVISION I — LEGISLATIVE INTENT. The bill provides that  
5 the general assembly finds that the availability of broadband  
6 access, and the infrastructure necessary to facilitate that  
7 access, varies to a significant extent from one area of the  
8 state to another, and that increasing access to broadband  
9 throughout the state is vital so that every citizen, business  
10 entity or organization, and community in this state can be  
11 afforded the opportunity to fully integrate with and utilize  
12 modern technology for educational, economic development and job  
13 training, health care, and other purposes.

14     DIVISION II — STATEWIDE BROADBAND COORDINATION. The bill  
15 modifies provisions in Code chapter 8B, establishing the office  
16 of the chief information officer. The bill adds several  
17 definitions to the Code chapter for use in the Code chapter  
18 and in related provisions. The bill defines "broadband" to  
19 mean a high-speed, high-capacity electronic transmission  
20 medium that can carry data signals from multiple independent  
21 network sources by establishing different bandwidth channels.  
22 The bill defines "broadband infrastructure" to mean the  
23 physical infrastructure used for the transmission of data  
24 via broadband and integral to the provision of broadband  
25 service, to be specified by the office by rule. The bill  
26 defines "communications service provider" to mean a service  
27 provider that provides broadband service. Additionally, the  
28 bill adds "broadband and broadband infrastructure" to an  
29 existing definition of "information technology" within the Code  
30 chapter. Further, the bill defines "unserved or underserved  
31 communications service area" to mean a designated area of the  
32 state within which communications service providers do not  
33 offer or facilitate broadband service at adequate or sufficient  
34 download and upload speeds, as determined by the office by  
35 rule.

1     The bill adds additional powers and duties for the chief  
2 information officer relating to broadband and broadband  
3 infrastructure. The bill provides that the chief information  
4 officer shall streamline, consolidate, and coordinate  
5 the access to and availability of broadband and broadband  
6 infrastructure throughout the state, including but not limited  
7 to the facilitation of public-private partnerships, ensuring  
8 that all state agencies' broadband and broadband infrastructure  
9 policies and procedures are aligned, promoting accountability  
10 regarding broadband and broadband infrastructure availability  
11 and access, integrating broadband with cyber security  
12 standards and rules, resolving issues which arise with regard  
13 to implementation efforts, and coordinating the statewide  
14 broadband coordinating council and broadband information  
15 clearinghouse established in the bill. The bill also directs  
16 the chief information officer to submit an annual report  
17 regarding the status of broadband expansion and coordination.

18     Additionally, the bill establishes a statewide broadband  
19 coordinating council to assist the chief information officer  
20 in an advisory capacity in coordinating statewide broadband  
21 availability and access. The council shall consist of  
22 the chief information officer, a representative from a  
23 school district which is participating in a one-to-one  
24 mobile computing device program, a representative of a  
25 municipality, a representative of a county, a member of  
26 the statewide interoperability board other than the chief  
27 information officer, a cable communications service provider,  
28 a communications service provider other than a cable  
29 communications service provider, a representative from a  
30 nonprofit organization engaged in economic development at the  
31 local level, a member of the Iowa association of business and  
32 industry, a member of the technology association of Iowa,  
33 a member representing the Iowa communications network, the  
34 director of the department of homeland security and emergency  
35 management, and a representative from a public utility. The

1 bill designates the chief information officer to serve as  
2 chairperson of the commission.

3 Further, the bill establishes a broadband information  
4 clearinghouse to assemble, analyze, and make available best  
5 practices information relating to current broadband and  
6 broadband infrastructure-related strategies, tactics, and  
7 initiatives that have a proven demonstrable and measurable, or  
8 potentially promising, impact on broadband access, adoption,  
9 and use. The bill provides that the clearinghouse shall be  
10 developed and maintained by the chief information officer,  
11 in coordination with the statewide broadband coordinating  
12 council, with several functions. Specified functions include  
13 integrating information regarding initiatives undertaken  
14 at the federal level into the clearinghouse, coordinating  
15 with and incorporating existing state resources and services  
16 relating to broadband and broadband infrastructure, utilizing  
17 state broadband stakeholders including but not limited to the  
18 science, technology, engineering, and mathematics advisory  
19 council broadband committee, the Iowa communications network,  
20 and the connect Iowa program, identifying options regarding  
21 the creation of standing resources for stakeholders such  
22 as a fiberoptic database or a fiberoptic network conduit  
23 installation coordination effort for state-funded construction  
24 projects, and developing a public internet site containing  
25 clearinghouse resources and information and Iowa communications  
26 network wholesale access rates and proposed rate adjustments,  
27 and promoting the existence of the clearinghouse and  
28 availability of the internet site.

29 The bill also adds the chief information officer to the  
30 information technology and telecommunications commission which  
31 oversees the operation of the Iowa communications network and  
32 to the statewide interoperable communications system board  
33 established in Code section 80.28.

34 DIVISION III — IOWA COMMUNICATIONS NETWORK COMMUNICATIONS  
35 SERVICE PROVIDER ACCESS. The bill authorizes the commission

1 to enter into a contract to provide access to the network  
2 on a wholesale basis to a communications service provider  
3 who is not otherwise an authorized user of the network. The  
4 commission shall establish by rule the manner in which such  
5 a contract is entered into, and such contracts are required  
6 to be coordinated with the office of the chief information  
7 officer. The bill provides that access to the network shall  
8 be subject to retention of sufficient capacity for existing  
9 and future authorized user demands, and provided solely for  
10 wholesale transactions to communications service providers  
11 who are engaged in providing broadband capacity at retail to  
12 citizens and businesses in Iowa to facilitate the installation  
13 and deployment of broadband infrastructure in unserved or  
14 underserved communications service areas. The bill specifies  
15 that requirements and limitations regarding communications  
16 service provider access shall be determined by the commission  
17 by rule.

18 The bill provides that rates applicable to wholesale access  
19 shall be determined by the commission by rule, in consultation  
20 with the chief information officer. The rates are required to  
21 take into account and reflect a rate structure with multiple  
22 pricing points determined based on the grouping of similar  
23 installation characteristics to be identified by the commission  
24 by rule, and to incorporate any and all costs attributable to  
25 facilitating wholesale access. The bill provides that the  
26 rates and proposed rate adjustments shall be posted on the  
27 network's internet site, in addition to being posted on the  
28 broadband information clearinghouse internet site. In the  
29 event of a proposed rate adjustment, the bill requires three  
30 public hearings to be held at different locations within the  
31 unserved or underserved communications service area impacted  
32 by the proposed adjustment, to be conducted 30 days following  
33 the rate adjustment announcement, 60 days following the  
34 announcement, and 90 days following the announcement. The  
35 bill provides that following the third public hearing, the

1 commission shall convene to discuss the status of the proposed  
2 rate adjustment, and shall render and post a decision regarding  
3 the proposed adjustment within 15 days following the date of  
4 the commission's meeting. The bill provides that any party  
5 wishing to appeal the commission's decision may file such an  
6 appeal with the executive council within 30 days following the  
7 posting of the commission's decision, and that rate changes  
8 shall become effective within 30 days following approval by the  
9 commission in the event an appeal is not filed, and immediately  
10 after the executive council renders a decision in favor of the  
11 adjustment in the event an appeal is filed.

12     DIVISION IV — FINANCIAL INCENTIVES. Division IV of the bill  
13 requires the Iowa finance authority to establish and administer  
14 a broadband revolving loan program to provide low-interest  
15 loans to broadband and telecommunications businesses to expand  
16 broadband access in the state.

17     When determining whether to award a loan to a business,  
18 the authority may consider factors specified in the bill and  
19 other information the authority deems relevant. When awarding  
20 loans, the authority must ensure that businesses seeking to  
21 expand broadband access in communities that are unserved or  
22 underserved by broadband technology shall receive loans prior  
23 to awarding loans to businesses seeking to expand broadband  
24 access into communities that have adequate service.

25     The bill provides that a loan awarded under the program to  
26 any single business may not exceed \$250,000.

27     The bill requires the authority to enter into an agreement  
28 with businesses selected to receive loans under the program  
29 to ensure compliance with the program's requirements. The  
30 agreement must also set the loan period and the interest rate  
31 of the loan.

32     The bill authorizes the authority to seek immediate  
33 repayment or recapture of a loan awarded pursuant to the  
34 program if the business fails to use the loan moneys to expand  
35 broadband access in the state. All payments, repayments, or

1 recaptures, and interest on loans awarded under the program  
2 must be remitted to the authority for deposit in the broadband  
3 revolving loan program fund. The bill authorizes the authority  
4 to use referenced bonding power as necessary to carry out the  
5 purpose of the broadband revolving loan program.

6 The bill also establishes a broadband revolving loan program  
7 fund under the control of the authority. This fund is to  
8 be used to provide low-interest loans under the broadband  
9 revolving loan program.

10 DIVISION V — INCOME TAX INCENTIVES. The bill provides  
11 a corporate income tax credit for broadband infrastructure  
12 installations in an amount equal to 3 percent of the amount  
13 expended by a communications service provider in completing  
14 a new installation of broadband infrastructure commenced on  
15 or after July 1, 2014, and subject to a maximum of \$750,000  
16 per installation. The bill requires a taxpayer claiming a  
17 credit to certify that on the date the broadband infrastructure  
18 installation was commenced, the installation took place within  
19 an area meeting the definition of an unserved or underserved  
20 communications service area. The bill provides that any  
21 credit in excess of the tax liability for the tax year shall  
22 not be refundable but may be credited to the tax liability  
23 for the following 10 years or until depleted, whichever is  
24 earlier. The bill provides that an individual may claim the  
25 tax credit allowed a partnership, limited liability company,  
26 S corporation, estate, or trust electing to have the income  
27 taxed directly to the individual, and that the amount claimed  
28 by the individual shall be based upon the pro rata share of  
29 the individual's earnings of a partnership, limited liability  
30 company, S corporation, estate, or trust.

31 DIVISION VI — PROPERTY TAX INCENTIVES. The bill provides a  
32 property tax exemption for broadband infrastructure installed  
33 within an unserved or underserved communications service area.  
34 The exemption applies to the new installation of broadband  
35 infrastructure completed on or after July 1, 2014, to and

1 including December 31, 2018, in an unserved or underserved  
2 communications services area, and is available for the 20-year  
3 period following the date the new installation was completed.  
4 The bill requires a person claiming the exemption to certify  
5 that the installation was completed within an area meeting the  
6 definition of unserved or underserved communications service  
7 area prior to installation of the broadband infrastructure.

8 The bill provides that if the broadband infrastructure is  
9 assessed with other property as a unit by the department of  
10 revenue pursuant to Code sections 428.24 to 428.29, or Code  
11 chapter 433, the exemption shall be limited to the value added  
12 by the broadband infrastructure determined as of the assessment  
13 date and the exemption shall be applied prior to any other  
14 exemption applicable to the unit value. The bill confers  
15 authority upon the director of the department of revenue to  
16 adopt rules for the interpretation and administration of the  
17 exemption.

18 DIVISION VII — SCHOOL INFORMATION TECHNOLOGY  
19 INFRASTRUCTURE. The bill adds the acquisition or installation  
20 of "information technology infrastructure", as defined in the  
21 bill, to the definition of "school infrastructure" for purposes  
22 of the statewide school infrastructure funding provisions  
23 contained in Code chapter 423F.

24 DIVISION VIII — STEM INTERNSHIPS. The bill establishes a  
25 new program within the economic development authority to assist  
26 in placing Iowa students studying in the fields of science,  
27 technology, engineering, and mathematics into internships  
28 that lead to permanent positions with Iowa employers. The  
29 bill directs the authority to collaborate with eligible  
30 employers, which may include but are not limited to innovative  
31 businesses, to ensure that the interns hired are studying in  
32 the specified fields, and provides that an Iowa employer may  
33 receive financial assistance in the amount of \$1 for every \$1  
34 paid by the employer to an intern studying in Iowa, and \$1 for  
35 every \$2 paid to an intern studying outside Iowa, limited to

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1 an amount not exceeding \$5,000 for any single internship. The  
2 bill states that the requirement to establish the internships  
3 is contingent upon the provision of funding for such purposes  
4 by the general assembly, and then appropriates \$2 million for  
5 this purpose for the 2014-2015 fiscal year. The bill provides  
6 that no more than 3 percent of the funds appropriated may be  
7 used by the authority for costs associated with administration  
8 of the program.